

# THE MINERAL INDUSTRY OF

# PANAMA

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Mining accounted for less than 0.5% of Panama's gross domestic product (GDP). The Panama Canal dominated the economy, generating about 30% of its GDP. Panama mined gold and silver, and produced industrial minerals, such as cement, clays, limestone, salt, and sand and gravel for domestic use. (*See table 1.*)

Panama's mining law, updated in 1988 to modernize the code and stimulate investment, provided the following: (1) foreign companies were allowed a 4-year concession to work deposits they discovered, with a 2-year extension; (2) extraction concessions were granted for specific mineral classes for a period of 20 to 25 years, and were extendable; (3) extraction concessions were certain if exploration were successful; (4) mine tax rates were reduced to 2% of gross production for base metals and 4% for placer precious-metals; (5) import duties on capital equipment were waived; and (6) minerals produced could be exported freely, exempt from duties. No restrictions were placed on foreign ownership or repatriation of capital, other than a 10% tax on dividends or interest payable to foreign shareholders.

Private companies operated most of the mineral industries in Panama, although the Government held 40% of Petroterminal de Panama, S.A., the crude oil transshipment and pipeline activity associated with the canal. (*See table 2.*)

The United States was Panama's largest trading partner, and Panama was the third largest site of U.S. investment in Latin America, after Mexico and Brazil. Mineral-related exports consisted primarily of scrap metal and petroleum products.

Three large copper deposits in the Cerro Colorado, Botija, and Petaquilla Districts attracted increasing attention. Petaquilla, among the world's five largest undeveloped copper-gold porphyry deposits, with the nearby Botija deposit, had reserves estimated at 495 million tons (Mt) grading 0.53% copper and 0.124 grams per metric ton (g/t) gold, at a 0.19% copper-equivalent cutoff. Owned 52% by Adrian Resources Ltd., and 48% by Inmet Mining Corporation (both of Canada), Petaquilla and Botija, combined with eight other prospects in the concession, were projected by Adrian to include 3,840 Mt containing 31.8 billion pounds of copper, 9.8 million ounces [304,819 kilograms (kg)] of gold, and 962 million pounds of molybdenite.<sup>2</sup>

Greenstone Resources Ltd. (Canada) brought its Santa Rosa gold concession, 1 kilometer south of Canazas,

Veraguas Province, into full operation with the likelihood of producing 1,000 kg in 1995.

Manganese deposits were known in several areas in Panama. Caribbean Mining Company Inc. (U.S.) had a 25-year mining concession to reopen the Cerro Viejo Mine, northeast of Colon, containing an estimated 600,000 t of reserves.

Panama produced cement, clays, lime, limestone, marine salt, and sand and gravel in small operations. Cement was produced by Empresa Estatal de Cemento "Bayano" at Calzada Larga and by Cemento Panama, S.A. at Quebrancha. In 1994, the Government sold its 95% share in the Cemento "Bayano" to Mexico's Cementos Mexicanos S.A. A 5% share was sold to employees as part of the country's new pension plan.<sup>3</sup>

In Panama, all crude oil for its refineries was imported from Ecuador, Mexico, Saudi Arabia, and Venezuela. Electrical capacity was rated at 848 megawatts (MW) nationally, 65% of which was hydroelectric. Private companies supplied about 265 MW to the country's grid. A geothermal energy region in southwestern Panama had an estimated potential of 400 MW.

Investment in mining was expected to offer the strongest opportunities for expansion of capital in Panama.

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<sup>1</sup>Company announcement. Adrian Resources Ltd. as of Dec. 1995.

<sup>2</sup>Journal of Commerce (New York): Aug. 26, 1994, p. 2A.

## Major Sources of Information

Direccion General de Recursos Minerales  
Ministerio de Comercio e Industrias  
P.O. Box 8515, Panama 5, Panama  
Telephone: (507) 36-1823; Fax: (507) 36-3173  
Refineria Panama S.A.  
Calle 39 y Avenida Balboa  
P.O. Box 5270, Panama 5, Panama  
Telephone: (507) 27-1433; Fax: (507) 27-0190

## Major Publications

Direccion de Estadistica y Censo, Panama: Panama en Cifras, annual.

Dirección General de Recursos Minerales, Ministerio de Comercio e Industrias, Panamá: Panamá, A Directory of Mineral Resources. Results from the National Mineral Inventory Project 1988-1990, 1991, 11 pp.; The Mining

Sector of Panamá, 1993.  
Latin American Mining Institute, Washington, DC: Mexico and Central America Investment and Mining Guide, Annual.

TABLE 1  
PANAMA: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

Commodity	1991	1992	1993 e/	1994 e/	1995 e/
Cement e/	300,000	250,000	571,300 r/ 3.	615,000 r/ 3.	350,000
Clays:					
For cement	368,582	415,058	420,000	400,000	420,000
For products	75,343	72,849	72,900	72,500	74,000
Gold kilograms	194	250	255	245 r/	1,100
Lime e/	1,320	1,500	1,500	1,750	2,000
Petroleum refinery products e/ thousand 42-gallon barrels	8,000	9,000	9,500	10,000	10,000
Salt, marine e/	18,000	20,000	20,000	20,000 3/	22,000
Silver kilograms	91	162	165	175	175
Stone, sand and gravel:					
Limestone:					
For cement	289,855	665,720	670,000	700,000	700,000
For other uses	47,968	50,000 e/	55,000	57,000	62,000
Sand and gravel thousand tons	1,941	2,448	2,500	2,700	3,000
Sand and silica	17,613	22,600	22,500	22,500	23,000

e/ Estimated. r/ Revised.

1/ Estimated data are rounded to three significant digits .

2/ Includes data available through May 1, 1996.

3/ Reported figure.

TABLE 2  
PANAMA: STRUCTURE OF THE INDUSTRY FOR 1995

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity
Cement	Cementos Mexicanos S.A. (95%) (employees 5%)	Calzada Larga, Panamá Province	300
Do.	Cemento Panamá, S.A. (private, 100%)	Quebrancha, Panamá Province	310
Gold kilograms	Minas Santa Rosa, S.A. (Greenstone Resources Ltd. Canada, 100%)	Santa Rosa Mine, Veraguas Province	1,800
Do.	do. Transworld Exploration, S.A. and Minera Remance (Peru) (100%)	Remance Mine, Veraguas Province	293
Do.	do. Sociedad de Inversiones IXTAPA, S.A. (private, 100%)	Espíritu Santo de Cana Mine, Darién Province	NA
Petroleum products million 42-gallon barrels	Refinería Panamá, S.A. [Texaco Panama Inc. (U.S.), 100%]	Las Minas, Colón Province	14
Silver kilograms	Transworld Exploration, S.A. and Minera Remance (Peru) (100%)	Remance Mine, Veraguas Province	200

NA Not available.